

**Prime Minister
Gro Harlem Brundtland**

**Address to the Fifteenth World Congress of the International
Confederation of Free Trade Unions, Caracas, 21 March 1992.**

**Agenda Item 6: Environment and Development: the Trade Union
Agenda.**

Three months from now the compelling voice of free trade unions must be heard as the world rallies to meet in Rio de Janeiro to deal with issues of survival for humankind and this planet Earth. Solidarity with present and future generations will be needed in the major transition period we are entering. Few other international movements can muster greater legitimacy and authority than the International Confederation of Free Trade Unions. Responsible free trade unions can set a forceful agenda for change. They represent the people who by their own hard daily work handle resources and produce the goods needed for a growing world population. On this basis I urge all governments to include free trade unions in their delegations to the Rio Conference!

When the World Commission on Environment and Development issued its report "Our Common Future" five years ago, it was a surprise to many that we did not predict ever increasing environmental decay, poverty and hardship in an increasingly polluted world among ever decreasing resources. What we did was to express a hope, a vision and a belief that humankind has the capacity to change the dangerous course it has been travelling.

Our message remains as valid today as it was five years ago. Never have we had greater knowledge, never have we had greater capacity. But in order for us to use that capacity in a way which will save the world from environmental devastation and and the world's miserably poor from a life which cannot be reconciled with human dignity, decisive political action is needed.

We concluded that **sustainable development** is a concept which can unite us in a common quest for change. Sustainable development is above all a process of change in which the exploitation of resources, investments, technological development and institutional change are made consistent with present as well as future needs. Sustainable development requires that we narrow the gap between the rich and the poor, and that all people can exercise their legitimate right to take part in democratic decision-making.

We defined the eradication of poverty as a priority issue. Not only because of the obvious link between poverty and environmental problems. Not only because poor people will be forced to overuse scarce resources in order to survive on a day-to-day basis. Not only because environmental degradation tends to aggravate poverty. But also because as long as poverty exists we will be facing a moral challenge.

The gap between North and South must be narrowed. Only through coordinated national and international policies which include environmental and equity considerations in decision-making at all levels will we be able to reverse the present unsustainable trends which threaten our common future.

Above all, we need a new partnership between North and South. In developing countries, the struggle for immediate survival still overshadows the perspective of long-term global problems. Unless we in the North start demonstrating by means of concrete policies that we understand that four fifths of humanity have a legitimate say in world development, we have no reason to expect the South to support our views on how global challenges can be met.

The global picture.

The relationship between population and resources is of course essential. The world population has continued to expand, now exceeding 5,4 billion, and 4 billion living in the developing countries. More than 1,2 billion live in absolute poverty, and despite improvements in the living conditions of the poor in India and China, their numbers continue to swell. Most of the poor are illiterate and lack access to information and education. The very poor are likely to be women, whose contribution to family welfare and the economy is often not valued. Still, women are paid less than men and are discriminated against in employment.

Even more dependent and vulnerable are the children. 90 per cent of all children are born in developing countries, and ever increasing numbers are born into families living in extreme poverty. Without child care, health services and education these children will be denied the opportunity to realize their full potential. The world community has recently adopted the Convention on the Rights of the Child as well as the Declaration from the World Summit for Children. Still we see that the most fundamental rights of those who are the hope of the future are threatened in many places.

Only economic growth and a more equitable distribution of wealth can make available the resources needed to alleviate the plight of the poor and destitute. The World Commission concluded that economic growth is needed both to alleviate poverty and to create the capacity to solve environmental problems. This may have been one of the reasons why also

private enterprise has accepted the challenge and responded favourably to the work of the Commission and its report. But in recent years the Commission's call for new growth has been criticized by some economists. Partly, this criticism is based on quotations from the Commission's report which have been taken out of context. We definitely did not say that growth could continue - or increase - based on traditional concepts.

The Commission was explicit in stating that we needed a new kind of growth. Not everything can be allowed to grow. The content of growth must be changed

Use of finite resources cannot continue to grow unchecked. We need to reduce the input of resources in production processes. We need to produce more with less.

The world's population cannot continue to grow indefinitely, and consumption patterns in developed countries must be changed to reduce the strain that these countries are placing on natural resources and to reduce the output of waste, in particular dangerous and toxic waste.

While absolute zero waste will be difficult to achieve, we should regard the production of waste as an incomplete economic process. Science has brought us a great step forward with regard to waste management in recent years and there is greater awareness of the need for change.

Responsible trade unions have a vital role to play. Trade unions can work with industrial managers and governments to find new solutions. Management and trade unions should together place greater emphasis on training schemes and competence building regarding safety of work-places, process management and the links between the links between safe work-places and external environmental effects. Sustainable jobs are jobs that are economically and physically secure and that are linked to activities that do not inflict harm to the environment. A tripartite approach is what we need to find those solutions.

Industrial history is replete with examples of the safety of workers being put at risk by secretive management. For trade unions and their members to be able to play a more constructive role, and at the same time to be confident that the health of the workers is being secured, they must have a legally secured right to know about matters relating to environmental protection, health and safety. An international convention is probably the best way to secure universal adherence to these requirements.

But such rights should not be limited to workers. The public at large also has a legitimate right to know about matters that may affect their health and environment. Only an informed, educated population can really safeguard its own interests, express its views and point their finger at unsustainable practices. They must also have recourse to the

legal remedies needed to address and to redress threatening situations. This is one of the purposes of the Earth Charter, which is expected to be adopted in Rio in June. Democracies are not complete if they conceal such issues from insight and scrutiny.

A better interaction between governments and markets.

Insight, checks and balances are important, but what we must really aim at is a system whereby environmental and health problems are anticipated and prevented. We need to examine the ways and means to prevent problems from arising and to avoid damaging incidents and costly clean-up operations.

The OECD introduced the Polluter Pays Principle in the early 1970s. It is ironic, however, that sometimes pollution still pays in the eyes of the shareholders. Much too often, companies have found that it is easier to get absolution once grave pollution is discovered than to obtain permission beforehand.

We can rectify such practices by imposing fines and other punitive measures, but what we should really aim at is adjustment of market mechanisms to encourage environmentally sound operations. This is what we mean when we say that environment and economic considerations will have to be merged. They are really the same, even if present economic systems have yet to take the consequences of it.

Today, increasingly, market incentives dominate the search for and adoption of new technologies. Since waste discharge is usually free, except for the regulatory limits, there are few incentives to seek and adopt waste reducing technologies unless environmental efficiency actually show up on the company balance sheet.

Output per unit of natural resources and per unit of waste discharged is an important, neglected dimension of productivity. Emission charges, marketable emissions permits, non-compliance charges linked to emission standards, deposit and return systems are among the the policies that will discourage pollution. They also decentralize technological choices about environmental protection and present themselves for discussion between the management and the workforce. In many cases, economic instruments thus are more effective in promoting innovation than "command and control" regulations. we will continue to need both.

The market can help us to ensure a better balance between supply and demand, enhance the efficiency of production and achieve a more decentralized distribution of goods and services. At the same time, we have learned that neither centrally planned economies nor the market alone can ensure a sustainable world society. There is a growing convergence of views that we do not have a choice between government intervention and the market; each has a major, irreplaceable

role.

We all know the limitations of the market, if left alone. The market requires a legal and regulatory framework that only governments can provide. The market alone cannot help us alleviate world poverty, ensure more equity in economic relationships, or reduce environmental degradation.

Finding the best division of roles and the right combination between regulations and the use of the market is perhaps the most central issue in the management of economic and ecological interdependence today, both nationally and internationally. We need to find the right mix between government regulation, incentives and disincentives on the one hand, and the private sector's self-control and corporate strategies developed through a real dialogue with the trade unions on the other.

Industry can play a major role in helping us achieve sustainable development if it is ready to take on a leadership role rather than a strategy of reluctant compliance.

More use of economic instruments.

A more market-friendly approach to development illustrates the need to direct market forces towards measures that are in favour of, and not against the environment. But results will be slow if environmental requirements differ too widely between countries.

We must establish improved international systems for pricing of environmental resources. Market mechanisms must be adjusted so that prices reflect the true environmental costs of what we produce and what we consume.

We must make more use of economic instruments to help internalize environmental costs. Environmental taxes and fees could, if implemented in a fiscally neutral way, become part of a workable carrot and stick strategy.

Virtually all environmental measures will be more effective if they are harmonized internationally. If governments act unilaterally, economic instruments may have a negative impact on economic competitiveness to the detriment of free trade flows or employment. If nations fear that they will lose their competitiveness by establishing strict environmental policies, progress will be slow. If nations act together, it will be possible to move much more quickly.

I do not believe that harmonization will be easy or straight forward. It will be difficult to find two countries that are alike and where equal taxation rates will have the same impact. However, it is difficult to see what alternative we have to developing more workable international measures.

In Europe, we have gained considerable experience from the first generation of environmental agreements. These

agreements, developed to reduce SO₂-emissions, provide for equal percentage reductions by all participating states.

It must be clear, however, that additional reductions cost relatively more for those countries that have already done a lot to clean up their act and who already operate modern technology.

It would amount to punishment of modern industry and their employees should they be obliged to cut emissions further by the same per-centage as old, dirty and highly polluting industrial plants.

If emissions first of all were cut in old and dirty industrial plants, we would achieve greater environmental benefit for each penny.

Norway is a case in point since it illustrates issues which are of relevance for a number of other countries as well. Our particular situation illustrates why there is a need for an equitable and differentiated burdensharing.

We base more than half of our energy consumption on clean, renewable waterpower. We do not burn oil or coal for electricity. We have no outdated coal-fired power station that need to be cleaned up or shut down.

Still, we have already fulfilled our international SO₂ obligations and we have committed ourselves to reducing and stabilizing our CO₂-emissions.

Moreover we have also imposed new petroleum taxes to promote reductions. Thereby, we have taken the lead in mobilizing new and additional resources to be channeled to developing countries as compensation for their incremental costs of undertaking reduction commitments. We are convinced that this is the right thing to do - indeed an obligation for developed countries.

Cost-effectiveness. Climate change

The magnitude of the challenge in dealing with climate change calls for a restructuring of fundamental patterns of energy and production systems. The first generation of agreements mainly addressed the "end-pipe" of economic activity, and dealt with problems of a relatively low cost. Now we are moving into the very core of industrialism, its energy systems and production structure.

What we need now is a new partnership within a new generation of environmental agreements. To ensure that we get most environmental value for our money, we must base future agreements on the principle of cost-effectiveness.

The exploitation of petroleum resources on our continental shelf leads to increased CO₂ emissions even with the best

available technology. From a global point of view, it would make little environmental sense if national emission ceilings in producer countries were to block deliveries of natural gas that would lead to major reductions of CO₂ emissions both in importing countries and at a global level.

In the current negotiations on a world climate convention, Norway has proposed an approach based on a cost-effective implementation of the targets set to limit global emissions of greenhouse gases. Some kind of global and/or regional targets should be set to curb emissions of greenhouse gases, for example a stabilization of CO₂ emissions by the year 2000 at the 1989/90 levels which is the goal of most European countries, including Norway.

The parties to the climate convention should be encouraged to implement its provisions individually or in cooperation with others. This would encourage investments in countries where significant reductions could be achieved at lower costs than in high-cost countries. It would tap new sources of capital, encouraging the private sector to take part.

During the initial phase, the most cost-effective projects are likely to be found in Eastern Europe and developing countries. Such an approach could therefore lead to more assistance to these countries, and relieve public budgets of expenses that will have to be undertaken anyway.

To assist in carrying out this task, the climate convention should contain provisions concerning an international clearing house. Such a mechanism will be needed to assess and recommend projects and to match them with funding provided by parties who wish to implement commitments outside their own territories.

Financial flows Technology. Trade.

Financial flows to developing countries are needed as much as ever if these countries shall have a real chance of achieving sustainable development. Developing countries have recognized that they will have to take the main responsibility for their own development. Change will have to come from the inside, from political reform, from more emphasis on education and development of human resources and less on military acquisitions.

The international community, however, must assist developing countries. Financial flows must be directed back to developing countries who are presently crumble under devastating debt burdens and which are being drained further by the prevailing aid fatigue.

Additional financial resources will be required to enable developing countries to take part in the effort now needed to counter the environmental threats that are global in nature.

To solve global environmental problems such as ozone depletion and climate change, we clearly need new and truly additional resources to enable developing countries to join the global agreements now being negotiated, for example on climate change. These global problems have been caused largely by emissions from the industrialized world. We cannot transfer the main burdens now involved in implementing global targets to the developing countries, and block them from energy use that is necessary to promote their economic development.

Developing countries also need new capital to tackle the more immediate environment and development problems at the regional and local levels. All industrialized countries should now make an effort to increase their official development assistance (ODA) to agreed levels. The Norwegian Government will maintain its development assistance at a level of more than 1 per cent of our GDP, which is the highest in the world. But many countries are doing far too little.

The secretariat of UNCED has estimated the cost of implementing the measures for sustainable development now being discussed under the label of AGENDA 21. That price tag amounts to 125 billion US dollars per year from now up till the year 2000. Many have denounced this figure as completely unrealistic.

The fact of the matter, however, is that if all OECD countries raised their official development assistance to the level of Norway's, and used the money for sustainable development, then those 125 billion dollars would be available. This is our challenge to the world. Everything that we do will be futile if we do not succeed in financing sustainable development.

UNCED must also seek new ways to ensure better access to environmentally sound technology. Governments should create incentives and a framework to facilitate technology transfer and cooperation. Industrialized countries must assist developing countries in improving their ability to assess, choose and utilize new technologies.

But developing countries must also help themselves to gain access to technology. Many developing countries have imposed bureaucratic constraints on technology acquisition, such as import duties and prohibitory regulations. Access to unpatented technology can be achieved if developing countries themselves allow their experts more of a free hand in their exchanges with the outside world.

Together with capital and technology, trade is a key driving force of the world economy. In GATT, we should press forward with international talks on how to deal with the complex relationship between trade and the environment. Today, there are conflicting views on how this relationship should be dealt with. Some countries fear that environmental concerns will be used as a new screen for protectionist policies. On the other

hand, trade patterns and practices clearly cannot be excluded from environmental evaluation.

With the globalization of markets, we will face a dilemma when products manufactured in countries where environmental standards are low compete with products from countries and companies which have made large investment in safe and sound modern production equipment. And those who work in state-of-the-art production plants will be unlikely to understand why competing products are allowed to endanger their jobs when the competitor does not have to take environmental considerations.

Many international companies today operate by the same high environmental standards regardless of country of operation. However, there are a number of free riders, and their activities actually threaten free trade as a global economic system. In fact they are often located in countries that would suffer immensely if the system of free trade is not upheld.

Concluding remarks

We need a shared global vision so that we can gather our fragmented efforts into a focused effort to save our common future. Our aim must be nothing less than a shift in the overall direction of the world economy.

At the global intergovernmental level, we have not come far enough. Far too often, international negotiations proceed at the pace dictated by the slowest wheels on the wagon, by the least common denominator. Today, we do not have global institutional tools that are strong enough to determine new directions or to implement effective global policies. We need to develop an international public sector based on the United Nations and existing institutions which can ensure that we will have the institutional capability to act more effectively, and raise to our common responsibility and meet global challenges.

It is difficult to see how decision-making in international institutions can become effective unless we introduce new elements of supranational rule. Countries have sovereignty over their national resources, but decisions on emissions as well as the use of toxic and hazardous substances which affect us all will be illusionary if we can only move forwards at snails pace decided by the most reluctant movers.

At the intergovernmental level we have a great institutional capacity at our service. In Rio we will discuss the institutional follow-up of international obligations relating to sustainable development. We need to realize that all human activities are relevant for sustainable development. Environment and development issues are not merely additional to existing or ongoing affairs. They should not be dealt with by some sub-committees somewhere, but by the top operational responsible people in every organization.

The United Nations is becoming a stronger organization for global security. In the future, the United Nations must focus more strongly on environment and development issues not least since access to and use of scarce resources may become a more dangerous source of international tension.

Peace, environment and development must, together with human rights, be the UN agenda towards the year 2000 and beyond. The overall responsibility for coordinating all activities of the UN system in a truly unified global manner should be vested in the Secretary-General. He should be given the tools and means to perform his coordinating role in the UN system as a whole.

In the unfolding drama of world political, economic and environmental change, we are deluged by haunting images and immediate concerns. The more long-term threats to our common future are too often pushed aside or forgotten.

Modern mass media brings home to us the images of a new global reality. It provides almost instant coverage, 24 hours a day all across the globe, of the headline events of world change.

But these are fragmented images, offering only part of the new reality surrounding us. We are also given a bewildering array of options for escape from the ugly aspects of reality, from human suffering and the devastation of the physical environment of our planet. When images of dying children in Africa flicker across our TV screens, when we see the massive destruction of primeval rain forests, we have the possibility of switching to another image, another reality, on another TV channel.

We need global organizations and movements to counteract this fragmentation. We need caretakers of solidarity and social responsibility. Ultraliberalism and irresponsible economic operations designed to optimise short-term profits would be easier to pursue if the free trade unions of the world were weak and fragmented. But this is not the case.

The documents prepared for this congress is good news for all those people who are concerned with democracy, environment and development.

Looking beyond the Rio Conference, we have an enormous job to do. The process of change is in itself a dynamic restructuring process which requires economic activity at a high level. There will be a need to replace capital stock at a high rate to promote energy-efficient technology. Investments in infrastructure will be required to meet an entirely new model of future activity. Consequently, the private sector, trade unions and governments should recognize the great opportunity for investments, and for employment, created by the need for change. The future generations are already knocking at our door. The living conditions of our children and grandchildren

are being determined now. Since they cannot take care of their own destiny, we must do so on their behalf.

The mission ahead calls for organizations with purpose, compassion and conviction. Free trade unions have shouldered their responsibility in the past. The future needs more of their vision.

The tripartite nexus, as mirrored in the ILO, of trade unions, employers federations and governments is a triangle of responsibility on which the future depends. Only if tripartite cooperation stands up to the challenge of our time will the powerful be just and the weak secure.

The day must come when people look back on our generation and say: Faced with the challenge they managed to upgrade human civilization.